



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

August 7, 2002

To: Cities, Counties, and other Public Agencies

From: Ellen Garvey, Air Pollution Control Officer

Subject: Vehicle Incentive Program for FY 2002/03

The Bay Area Air Quality Management District (District) invites public agencies to submit applications for the FY 2002/03 Vehicle Incentive Program (VIP). The VIP program helps public agencies acquire low emission, alternative fuel vehicles (natural gas, propane, electric, and hybrid-electric) with a gross vehicle weight of 10,000 pounds or less. Vehicles must be certified to the ultra low emission vehicle (ULEV), super ultra low emission vehicle (SULEV), or zero emission vehicle (ZEV) standard by the California Air Resources Board (CARB).

Funding for the VIP program is provided by the District's Transportation Fund for Clean Air (TFCA). There are two separate opportunities: the basic VIP program and the high mileage vehicle incentive program (HMPVIP). The HMPVIP program provides incentives for vehicles that will be driven 60,000 miles per year or more.

Applications for the basic VIP program will be accepted beginning 8:30 a.m. on Monday, September 16, 2002. (Applications received prior to 8:30 a.m. September 16 will be returned to the applicant for re-submittal. Applications will not be accepted via fax or e-mail.) Incentives will be awarded on a first-come, first served basis until the available funds are exhausted. All applications that are received between 8:30 a.m. and 5:00 p.m. on September 16 will be treated as "Day 1" applications. If the incentives requested on Day 1 exceed the available funds, then incentives will be offered to all applicants, but incentives for applicants requesting \$25,000 or more will be provided on a pro-rated basis. If there are remaining funds available after the Day 1 applications are considered, then Day 2 applications will be eligible for funding, and so forth until funds are exhausted.

Applications for the high mileage VIP program will be accepted during the period beginning October 21, through November 1, 2002. (Applications received prior to 8:30 a.m. on October 21 will be returned to the applicant for re-submittal. Applications will not be accepted via fax or e-mail.) If the total funds requested during the October 21-November 1 period exceeds the \$200,000 allocated for the HMPVIP program, the District will award the available funds to applicants on a pro-rated basis. If any HMPVIP funds remain available after the October 21-November 1 application period, the District will award the remaining funds to qualified applicants on a first-come, first-served basis.

Application forms and instructions for the basic VIP program and the HMPVIP program are available on the District's website at www.baaqmd.gov. On the homepage, click on the *Reduce Vehicle Emissions* heading and then click on *Vehicle Incentive Program* to access the VIP documents. The basic VIP and the HMPVIP programs have separate application forms and different application schedules. Basic VIP and HMPVIP applications can also be requested by sending an e-mail message to tfca@baaqmd.gov or by phone via the TFCA document request line at 415-749-4994.

Eligible Applicants:

- Public agencies located within the jurisdiction of the BAAQMD are eligible to apply for VIP incentives.
- State and federal agencies that are subject to EPACT (the federal Energy Policy Act of 1992) alternative fuel vehicle requirements are not eligible for VIP funds.
- A public agency may apply for VIP incentives on behalf of a non-public entity (i.e. a private or non-profit fleet) subject to the conditions defined in TFCA Policy # 5 (see Attachment A on page 5).

Available Funds: A total of \$1 million is allocated for the FY 2002/03 VIP program: \$800,000 is available for the basic VIP program, and \$200,000 is available for the High Mileage Vehicle Incentive Program (HNVIP).

Maximum Request: Each public agency may request up to \$100,000 from the basic VIP program. In addition, each agency may apply for up to \$100,000 from the HNVIP program for eligible vehicles that meet the high mileage requirement (60,000 miles or more per year).

Summary of Basic and High Mileage VIP Process:

1. The District receives and reviews application; issues VIP voucher (if funds are available).
2. Applicant has 90 days from date of VIP voucher in which to issue purchase or lease order for the vehicles. (If applicant fails to submit copy of the purchase order (PO) to the District within 90 days, the District cancels the voucher.)
3. Upon receipt of purchase or lease order, the District issues confirmation letter, and provides 180 days for applicant to take delivery of the vehicle(s). (The District will grant an extension to the 180-day delivery period as warranted.)
4. Applicant submits VIP Payment Request Form after taking delivery of all the vehicles covered by the VIP voucher.
5. The District issues payment.

Eligible vehicles: All vehicles must meet the following eligibility criteria:

- The vehicle must have a gross vehicle weight of 10,000 pounds or less.
- The vehicle must be powered by an alternative fuel. Eligible fuel types include natural gas, propane, battery electricity, and hybrid electric.
- The vehicle must be certified to the ULEV, SULEV, or ZEV emission standards by CARB.
- The vehicle must be operated in the Bay Area for the duration of its useful life (or lease term), and at least 75% of the miles must be driven within the boundaries of the BAAQMD.
- The purchase order or lease order for the vehicle must be issued July 1, 2002 or later.

A list of eligible vehicles is provided in Table 1 on page 4. This list includes natural gas, propane, electric, and hybrid electric vehicles on the CARB list of certified clean air vehicles. See www.arb.ca.gov and click on "Cleaner Cars Buyer's Guide" on the right hand side navigation. As new alternative fuel vehicles are added to the CARB list, they will become eligible for the VIP program. Inclusion on this list does not guarantee that these vehicles are available.

Incentive amounts: The incentive amounts for the FY 2002/03 VIP program are as follows:

CARB Emissions Rating	Fuel Type	Incentive Amount
Ultra Low Emissions (ULEV)	Natural Gas or Propane	\$2,000 per vehicle
Super Ultra Low Emissions (SULEV)	Natural Gas or Propane	\$4,500 per vehicle
Zero Emissions (ZEV) (Freeway electric vehicle)	Battery electric	\$6,000 per vehicle
Zero Emission (ZEV) (City electric vehicle)	Battery electric	\$3,000 per vehicle
Zero Emissions (ZEV) (Neighborhood electric vehicle)	Battery electric	\$1,500 per vehicle
Zero Emissions (ZEV) (3 wheel vehicle)	Battery electric	\$1,500 per vehicle
ULEV or SULEV	Hybrid electric	\$1,000 per vehicle

Incentives for Battery Electric Vehicles: The District will not accept VIP applications for battery electric vehicles that are eligible for the CARB ZEV incentive program. For information on the CARB ZEV incentive program, see www.zevinfo.com. The District will provide VIP incentives for electric vehicles that are not eligible for the CARB ZEV incentive (i.e. neighborhood electric vehicles and three-wheel EVs). Also, public agencies may request VIP funds to extend the lease for an existing electric vehicle when the lease is due to expire (renewal of EV leases is not covered by the CARB ZEV incentive program).

Special Notes:

- A resolution from the governing board (e.g. city council) is not required for VIP applications.
- Applicants are not required to remove, scrap, or sell existing vehicles in their fleets as a condition of receiving VIP incentives. (The District does have a vehicle replacement policy that applies to heavy duty vehicle projects, but this policy does not apply to light duty vehicles covered by the VIP program.)
- The District will not award VIP incentives for any vehicle that has received TFCA county Program Manager (40%) funds.

The basic VIP application form and the HMVIP application form are provided on the District's website at www.baaqmd.gov. Questions regarding the VIP program should be directed to David Burch at db@baaqmd.gov or 415-749-4641.

Table 1
Model Year 2002 CARB-Certified Alternative Fuel Clean Air Vehicles

Fuel Type	CARB Certification	Make	Model	Engine Family Number	VIP \$\$\$ Incentive
CNG	SULEV	Chrysler	Ram Van and Wagon 2500 and 3500	2CRXT05.26RC	\$4,500
CNG	SULEV	Ford	F-150 Pick-up 5.4 L	2FMXT05.4RP5	\$4,500
CNG	SULEV	Ford	E-250 & E-350 Van 5.4 L	2FMXT05.4RP5	\$4,500
CNG	SULEV	Honda	Civic GX 1.7 L	2HNXV01.74WN	\$4,500
CNG	ULEV	Ford	Crown Victoria 4.6 L	2FMXV04.6VP5	\$2,000
LPG	ULEV	Chevrolet	G2500 & G3500 EXPRESS	2TJXT05.7GPI	\$2,000
LPG	ULEV	Chevrolet	G3500 VAN	2TJXT05.7GPI	\$2,000
LPG	ULEV	GMC	G2500 SAVANA	2TJXT05.7GPI	\$2,000
Hybrid EV	SULEV	Honda	Insight DX	2HNXV01.0CCE	\$1,000
Hybrid EV	SULEV	Honda	Insight	1HNXV01.0HOV	\$1,000
Hybrid EV	SULEV	Toyota	Prius 1.5 L	2TYXV01.5LJ1	\$1,000
Hybrid EV	ULEV	Honda	Civic Hybrid		\$1,000
Hybrid EV	ULEV	Honda	Insight DX 1.0 L	2HNXV01.02N4	\$1,000
EV	Hwy-ZEV	Toyota	RAV4 NiMH		\$6,000*
EV	Hwy-ZEV	Ford	Ranger EV Pb-A & NiMH truck		\$6,000*
EV	Hwy-ZEV	Solectria	Force Pb-A		\$6,000*
EV	Hwy-ZEV	Solectria	Citivan		\$6,000*
EV	Hwy-ZEV	Nissan	Altra (4 seat wagon)		\$6,000*
EV	City-ZEV	Nissan	Hypermini		\$3,000
EV	City-ZEV	Ford	Think City EV		\$3,000*
EV	N-ZEV	Bombardier	Sport-E & Class-E		\$1,500
EV	N-ZEV	Global Electric Motors	GEM E580 & E825		\$1,500
EV	3W – ZEV	Corbin	Sparrow – 3 wheel vehicle		\$1,500

Notes:

1) Table 1 does not show the following ZEVs because they are not currently being produced or marketed: GM EV1, Honda EV Plus, Chevy S-10 pick-up, Chrysler EPIC.

2) Vehicles marked with an **asterisk (*)** in the right-hand column are eligible for the CARB ZEV incentive (up to \$9,000 per vehicle). The Air District will not provide VIP funds to vehicles that are eligible for the CARB ZEV incentive. Information on the CARB ZEV incentive program is available at www.zevinfo.com.

3) For electric vehicles that are available for lease only, the VIP incentive is based on a three-year lease period. For a shorter lease period, the VIP incentive will be pro-rated.

4) If a vehicle is available for purchase, but the applicant chooses to lease the vehicle, the District will pro-rate the VIP incentive amount by comparing the lease term to the expected normal life of the vehicle, as determined by District staff.

5) Fuel type: LPG: Propane
 CNG: Compressed Natural Gas
 EV: Electric Vehicle

Attachment A: Applying for VIP Incentives on Behalf of a Non-Public Entity

The District has defined in TFCA Policy #5 the specific conditions whereby a public agency may apply for clean vehicle incentives on behalf of a non-public entity.

TFCA Policy #5 for FY 2002/03:

Non-Public Entities: A public agency may apply for TFCA funds for clean air vehicles on behalf of a non-public entity when one or more of the following conditions are met:

1. the non-public entity will use the vehicle(s) to provide, under permit or contract, an essential public service that would otherwise be provided directly by the public agency (e.g. refuse collection, street-cleaning, school bus service, etc.), or
2. the non-public entity will use the vehicle(s) to provide to the general public, under permit or contract, transportation demand management services (e.g. vanpools, shuttles to transit stations, door-to-door airport shuttles, taxi services, etc.) or services that provide members of the public with an opportunity to use electric vehicles, e.g. through station car projects, car rental services, or car-sharing programs.

As a condition of receiving TFCA funds on behalf of a non-public entity, the public agency must provide a written, binding agreement that commits the non-public entity to operate the clean air vehicle(s) within the Air District for the duration of the useful life of the vehicle(s). In those situations where multiple non-public entities are under contract or permit to provide the service described in 1 or 2 above, the public agency must provide a written policy which demonstrates that the vehicle incentive funds will be offered on an equitable basis to all the non-public entities which are providing the service.

Responsibilities of Public Agency: To apply for VIP incentives on behalf of a non-public entity, the public agency must agree to assume the following responsibilities:

1. To develop a policy or plan to ensure that all eligible fleets are provided equitable access to the funds, prior to submitting a VIP application.
2. To ensure that the non-public entity operates the vehicle in accordance with the guidelines that govern this program, and that the vehicle is garaged and operated within the boundaries of the District for the duration of its useful life (or lease period).
3. To transmit the incentive funds to the non-public fleet and to provide documentation of said payment to the Air District.
4. To provide prompt notification to the Air District if the non-public entity fails to operate the vehicle(s) according to the terms of the grant.
5. To ensure that each fleet operator provides data to document the mileage driven per vehicle during the first year in service (this applies for HMPVIP incentives only).